



PERMANENT FINANCING PROGRAM

Program Description	The Permanent Financing Program provides permanent loan financing for new multifamily construction projects and existing affordable housing multifamily projects.
Qualifications	<ul style="list-style-type: none">• Available to for-profit, non-profit, and public agency sponsors• New Construction or Acquisition and/or Rehabilitation• Non-profit borrowers may be eligible for 501(c)(3) bond financing – call for underwriting guidelines, rates, and regulatory requirements
Loan Amount	<ul style="list-style-type: none">• A minimum 110% debt service coverage ratio• Lesser of 80% of economic value, or 90% of the total development cost
Fees (subject to change)	<ul style="list-style-type: none">• Application Fee: \$500, due at time of application• Loan Fee: 1.5% of the loan amount; 1% is due prior to the CalHFA Board Meeting, and the remaining .50% is due upon issuance of the loan commitment letter• Bond Origination Guarantee Fee: 1% is due at time of final commitment approval, and refundable at permanent loan closing (cash or a letter of credit)
Rate & Terms (subject to change)	<p><u>Tax-Exempt Financing (including 501(c)(3)bonds):</u></p> <ul style="list-style-type: none">• 5.50% for 30 years• 5.60% for 35 years• 5.70% for 40 years <p><u>Taxable Financing:</u></p> <ul style="list-style-type: none">• Call for current quote
Subordinate Financing	Tax credit and loans or grants are encouraged from local government and third parties to achieve project feasibility. All loans, leases, development and regulatory agreements must be co-terminors and subordinate to the CalHFA financing.
Occupancy Requirements	<ul style="list-style-type: none">• 20% of the units are required to be restricted to households earning 50% or less of the county median income (as adjusted by family size)• 501(c)(3) projects additionally require at least another 60% of the units to have rents at less than 80% of the HUD median income• Loans in excess of \$10 million require additional levels of affordability• Projects for seniors require rents based on one person per bedroom

Due Diligence	<p>All of the listed due-diligence efforts are required and are at the borrower's expense:</p> <ul style="list-style-type: none"> • Property appraisal will be ordered by CalHFA; a market study may be required • Phase I, seismic review and other studies may be required at CalHFA's discretion • Physical Needs Assessment (PNA) for rehabilitation projects • Construction period inspection fees are estimated at \$1,500 per month
Required Reserves	<ul style="list-style-type: none"> • Operating Expense Reserve: 10% of annual gross income due at permanent loan closing (letter of credit) • Replacement Reserve: varies by project type and PNA (cash) • Construction Defects: 2.5% of hard costs, held for 12 months from permanent loan close (cash or letter of credit) • Insurance: One year's prepaid earthquake and hazard insurance premiums
Questions	<p>Questions regarding the Permanent Financing Program can be directed to CalHFA's Multifamily Finance Division:</p> <ul style="list-style-type: none"> • Laura Whittall-Scherfee, Chief, Multifamily Programs • 1121 L Street, Suite 207, Sacramento, CA 95814 • Phone: 800.736.2432 or directly at 916.327.2588 • Email address: lwhittall-scherfee@calhfa.ca.gov

IMPORTANT DISCLOSURE INFORMATION:

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. CalHFA does not discriminate on the basis of disability in employment or in the admission and access to its programs or activities.

08/03